

Business Plan

Sorrel Farm's Horses `n Tack

100010 Midlothian Farms Road

Midlothian Farms, VA 23654

804-555-5858

HORSESNT@aol.com

www.SorreIHORSESNTACK.org

Disclaimer

The following is a sample business plan produced using the software included with this CD. It is included as a guideline to illustrate what format your business plan might look like when complete. The financial section includes examples of how each element will appear, but is incomplete. An actual financial plan should project figures forward for a period of five years: monthly for the first two years, and annually for the following three years.

Sorrel Farm's Horse `n Tack, all names used within this plan, and the figures used to calculate financial data, are fictitious. Any resemblance to actual companies or people is entirely coincidental.

Executive Summary

While the horse market has experienced a setback through disreputable dealers, Charlie Sorrel is in a unique position to restore confidence and trust to an eager market. His highly respected reputation is a major asset to Sorrel Farm's Horses'n Tack. As the business expands and incorporates to better fit the needs of pleasure riders, the overall market benefits from the integrity, value and quality represented by Charlie, his family and employees, and the animals and products he sells.

Sorrel Farm's Horses'n Tack is the only location East of the Mississippi where guaranteed healthy, trained pleasure horses are offered for sale along with full gear and tack which are matched to the horse and rider at the point of sale. This full service provider also offers horse boarding with exercise and training, rider and horse training, and riding.

Having assembled a group of 22 highly skilled professionals, Charlie Sorrel leads an unparalleled staff of trainers, grooms, and tack specialists who care for and train 150 horses, their owners and riders in this proposed Sub-Chapter S Corporation.

Although the market has been injured by disreputable dealers, that fact opens a door for Charlie Sorrel, a man of unparalleled reputation in the Mid-Atlantic States. Charlie expects to strengthen the market and enjoy increased success by offering the highest quality pleasure horses, appropriately trained and cared for, by matching horses to buyers and riders, and by outfitting horse and rider with the appropriate tack and gear. No other firm in the East offers this full range of services.

While the most conservative numbers have been used to produce financials for this plan, it is clear that Sorrel Farm's Horses'n Tack builds on an already successful business and is poised to expand that success. By incorporating, the business will place itself in a position to raise capital, as needed, through limited sale of stock and to obtain a \$250,000 commercial line of credit which will allow the business to take advantage of seasonal buying opportunities and to cover any costs associated with the expansion which is scheduled during the winter months to minimize impact on the business. The net result is expected to yield increased profits and allow the business to expand beyond Virginia.

Background

Charles S. Sorrel was raised on a horse farm in Kentucky where he learned to ride, groom, and breed thoroughbred horses before becoming a jockey at Kentucky Downs. He trained as a veterinary tech while buying and raising his own horses. Having moved to Chesterfield County, Charlie currently houses over 150 horses, 35 of which are boarded. 22 are available to the public for trail riding on Charlie's farm, while those mature enough are being trained to show, race or ride. Approximately 25 are ready to be sold at any given time. Charlie and his wife, Linda, own and operate a tack shop at their horse farm.

History

Charlie was trained as a jockey and as a trainer on the Melville Estate, renown producer of some of Kentucky's finest race and show horses. He received an AA Degree, first in his class, in Equine Medicine at Louisville Community College in 1989.

Mission Statement

Sorrel Farm's Horses'n Tack will provide the highest quality resale service of both horses and tack in Virginia and surrounding states.

Industry Background

Horse swapping has long carried a negative connotation, and for good reason. Historically, horse swapping implied one or both parties in an exchange or sale would be shorted, if not outright cheated. To this day, the process of buying a horse is fraught with difficulties and disreputable sellers. Anyone wishing to buy a horse for pleasure riding has two major hurdles to overcome. First, finding a reputable seller is difficult, and second finding a genuinely good horse at a reasonable price is almost unheard of. If the buyer wants a thoroughbred, the process is much more reliable, honest, and considerably more expensive. As pleasure riding has become increasingly popular in mid-Atlantic states, particularly Virginia, disreputable horse dealers have proliferated. They have, in fact, soured a potentially strong market for pleasure horses. Tack shops have historically shied away from selling horses and horse sellers. They do allow individual customers to post used tack items and horses for sale on their bulletin boards. Nowhere in Virginia are horses and tack for sale in the same place. In short, when an individual attempts to purchase riding horses and the equipment needed, that person faces a daunting task. Not only is locating a healthy, stable, well trained horse a major difficulty, negotiating a fair price for such an animal is nearly impossible. Finding proper bridle, saddle, and other tack equipment properly outfitted for both the horse and rider is a lost art. Tack shops are, almost without exception, located on heavily traveled roads and highways, not where the horses are located. Consequently, tack and supplies are sold without ever matching the horse to the equipment. Unsuspecting buyers are lead to believe the more they spend, the better off the horse will be and the better the riding experience. Neither of which is true. Sorrel Farm's Horses 'n Tack will be Virginia's only one stop shop and resource for riders wishing to purchase both quality horses and properly fitted tack a reasonable prices. This combination is expected to rekindle the pleasure horse riding market in Virginia, reverse the current trend of buyers leaving the state to purchase a horse and stimulate tack sales in conjunction with horse sales.

Short Term (1-2 Years) Goals and Objectives

Sorrel Farm's Horses'n Tack's immediate goal is to revive the potentially strong riding horse market through massive education, newspaper articles, and advertisements.

The second goal is to capitalize on the revived market by providing a single point of sale for both horse and tack equipment appropriate for both horse and rider. Specifically, that goal is to sell 25 horses with appropriate tack every 90 days.

Concurrently, establish a breeding program that insures the continuance of strong healthy riding horses for generations to come.

To replace every 25 horses sold with 30 horses, initially through purchases nationwide including Assateague auctioned ponies, and within two years through the breeding program.

Long Term (3-5 Years) Goals and Objectives

Having established the Sorrel Farm as the best place to buy horses and tack in Virginia, replicate the experience near Harrisburg, Pennsylvania.

Learning from the experiences in both Virginia and Pennsylvania, open a third location near Anderson, South Carolina.

Become the leading reseller of horses and tack in the Eastern United States.

Description of Products and/or Services

Sorrells Farms sells mares, fillies, geldings, colts and ponies that have been thoroughly trained for either English or Western saddles, and occasionally for both. All horses are thoroughly inspected and treated for any potential health problems by Sorrells Farms staff and a veterinarian. All horses and primary riders are properly fitted with saddle, blanket, pad, bridle, bit, halter, stirrups, etc. However, the tack shop carries only limited crops and no spurs. Crops are discouraged and spurs are very strongly discouraged for pleasure riding. All horses are fed only the highest quality feeds and hay and are allowed to range graze 70% of the time in good weather. Stalls are mucked daily. All horses are thoroughly exercised in indoors rings, particularly in inclement weather, and out doors whenever possible. In addition to tack mentioned above, all riders are advised on appropriate riding attire and offered such goods in the tack shop.

Location

The Sorrells Horse Farm and Tack Shop are located at 100010 Midlothian Farms Road. Currently the 1,000 square foot tack shop is at the entrance of the property, and the stables and horse barns are two miles from the shop. However, a second shop, approximately 5,000 square feet including storage, is being built adjacent to the horse barns. The original shop will be converted to a welcome center with a variety of pamphlets, articles, books and gift items pertaining to horses, The Sorrells Farm, its history and current objectives of Horses'n Tack. This location is centrally located in Virginia with easy access the new Route 288, to be completed in January of 2005, which connects to East/West Interstate 64, and North/South 95. Nearby Midlothian Turnpike also offers easy access to Rt. 95. Other secondary roads, often preferred by those transporting horses, are nearby or easily accessed. Horses'n Tack is surrounded not only by the Sorrell's 1,500 acre farm but numerous other farms. The atmosphere is comfortable and relaxed for both buyer and seller.

Features of the Business

Horses'n Tack is a drive in facility where potential customers can inspect the horses and observe the operation and the care the horses receive during daylight hours. Appointments are not required but recommended when the customer is ready to purchase a horse. The tack shop and welcome center are open 8am to 7pm daily.

Optional Products and/or Services

Each purchaser will be given a one hour rider training session with their new horse by a professional trainer on site. In addition, each purchaser will be provided with one hour of horse maintenance training geared to the individual horse, and its medical history. Other training available at a reasonable fee include one day classes in: The Basics of Grooming; Grooming for Shows; Building a Training Ring; Training in a Training Ring.

Pricing Structure

Horses will range in price from \$1,000 to \$15,000, averaging approximately \$5,000 depending on age, history, stamina, lineage, reproductive status, and multiple disciplines (English, Western, Show, Trail, Hunt, etc.) Prices are based on original purchase price, plus a 25% markup based on the average cost of transporting, training and maintaining a horse, including medical care, at Sorrells Farm. Other pricing considerations include fair market value as compared to similar horses advertised on the Internet within 500 miles of Horses'n Tack. Boarded horses are maintained at three levels. Basic level includes stall, feed, mucking and release to range and graze no more than 70% of the time. Secondary Level includes all the above, plus 2 hours of exercise 3 times a week. Third level includes the basic level plus 4 hours of training and exercise 3 times a week. All levels include immediate attention to any medical condition, regular checkups by the staff and vet. These services are billed separately depending on the level of care required. Basic Level costs \$500/month Second Level costs \$700/month Third Level costs \$1,000/month All other expenses are billed at cost plus 25%. All additional labor is billed at \$40/hour. All classes are billed at \$250/day including all materials and use of Sorrells horses for demonstration and practice. Owners may ride their boarded horses on the property at no additional cost, not even for grooms' help in saddling and mounting, although tipping is not discouraged. Tack is available for rent on a daily basis for owners who have not yet purchased their own or who want to try something different at \$25/day. That fee may be waived if it results in the purchase of the same or similar tack items at the tack shop. Personal training for owners on their horses is billed at \$45/hour. Trail riding with lessons for non-owners is billed at \$35/hour. Trail riding without lessons for non-owners is billed at \$20/hour. Horses'n Tack offers transportation services within 500 miles to and from its location at the rate of \$1/mile per horse with a minimum charge of \$50. Standard markup for all goods at the Tack shop and Welcome Center is 40%.

Product(s) and/or Service(s) Cost

Original investments range from \$500 to \$7,500 per horse. Medical, feed, and all other costs to maintain horses for sale for an average of three months is approximately 25% of the original investment. While a primary objective is to turn the inventory of horses over as quickly as possible, horse sales are somewhat seasonal. It is substantially cheaper for Horses'n Tack to purchase horses in late autumn through February. Horses tend to sell for higher prices between March and October, with the greatest demand for horses between March and June and between September and October. Therefore, good inventory management includes carefully selecting and purchasing horses as they become available in winter months and selling them within 90 days, after their health, stamina, disposition, etc. have been determined and after they have been certified as ready for sale. Horses'n Tack also maintains a budget for every area of it's business including an annual expense budget for horse purchases, labor, purchased services, consumable goods and feed, insurance, taxes, fees, other horse maintenance expenses, rental of Sorrells Farm property, vehicle purchases and maintenance, and other miscellaneous horses related items. A separate detailed budget is kept for the costs related to the Horses'n Tack tack shop and welcome center.

Organizational Matters

The company will operate as a(n) proprietorship, as it has for the past 20 years, until it becomes a Subchapter "S" Corporation, as proposed in this plan.

It will be located at:
100010 Midlothian Farms Road
Midlothian Farms, VA.

The company currently has 22 employees.

The company plans to have 24 employees in the future.

Names of the Employees:

Charlie Sorrel, Linda Sorrel, Bobbie Sorrel, Louisa Sorrel, Shirley Mae Sorrel, Chuck Fountary, Bo Blake, Pete Nerker, Billy Talman, Ron Snivley, Mark Munson, Mulbery Posey, Jared Jones, John Simmons, Buddy Pugh, Rufas Jones, Gerry Hunker, Judy Snaveley, Erskine Alpine, William Loft, Prudy Pinkeing, Wink Smith..

Titles of Employees (respectively):

Owner and General Manager, Owner and Tack Manager, Owner and Head Trainer, Owner and Assistant Tack Manager, Owner and Assistant General Manager, Shop Advisor and Senior Trainer, Trainer, Trainer, Trainer, Trainer, Trainer, Junior Trainer, Senior Groom, Senior Groom, Clerk, Groom, Groom, Groom, Groom, Apprentice Groom, Apprentice Groom, Apprentice Groom, Apprentice Groom.

Duties of the employees are as follows:

Charlie Sorrel manages the overall operation with emphasis on the purchase, care and selling of the horses. Linda Sorrel manages the Tack Shop and Welcome Center. Bobbie Sorrel trains horses, manages the trainers and the training process. Louisa Sorrel is assistant manager of the Tack Shop where she orders stock and works the cash register. Shirley Mae Sorrel keeps the books, manages payroll and is the primary interface with the accountant. Chuck Fountary advises the Tack Shop on purchases to make, assists in the purchase of horses, trains the trainers, teaches classes and schedules training. Bo Blake, Peter Nerker, Billy Talman and Ron Snivley train horses and their owners, and riders on a rotating basis depending on need. Mark Munson gathers all training needs from all sources and helps schedule training and trainers. Mulbery Posey assists in the sale of horses, represents the grooms to the horse owners and to the Sorrels in addition to scheduling all grooms work including horse transport, mucking, leading riding trails. Jared Jones focuses on the health of the horses and their veterinary care, oversees the work of grooms and trains apprentice grooms. John Smith is the clerk at the Tack Shop helping customers with their purchases and ringing them up. Buddy Pugh drives the horse carrier and tends to boarded horses. Rufus Jones and Gerry Hunker tend to the Sorrels' horses. Judy Snaveley tends to newly arrived horses or horses needing special medical attention. Erskine Alpine is assigned to apprentice under Buddy Pugh. William Loft is assigned to apprentice under Rufas Jones. Prudy Pinkering is assigned to apprentice under Gerry Hunker. Wink Smith is assigned to apprentice under Judy Snaveley. Two new employees will man the Welcome Center in the summer of 2005.

Business advisors are as follows:

Stuart Guffey, Esq., Law Firm of Guffey, Huffey and Stuffey, Chester, VA

Smarry Smartwell CPA, Accounting firm of Smartwell, French and Corn, Cornwell, VA Dr.
Sylvia Martin, Dr. of Veterinary Medicine, Midlothian Farms, VA

Marketing Plan

The Market

Introduction

The horse sale/resale industry is divided into three distinct segments. (1) Thoroughbred Market (2) Work Horse Market (3) Pleasure Horse Market. The Thoroughbred market is tightly controlled, highly reliable and offers extremely expensive horses. While Work Horses are increasingly rare, they are most often represented by Horse Dealers who are notoriously disreputable. Their horses tend to be overpriced, poorly cared for and untrained for the work they are expected to perform. Pleasure Horses are most frequently sold by either horse dealers or Individuals. These horses are sold on the Internet, through advertisements and to horse farms or horse dealers. Most often individuals do not know the value of the horse and either ask far too much for the horse or let a horse dealer talk them into a ridiculously low price. After the sale to a dealer, the horse is often warehoused in deplorable conditions usually with no medical care, exercise or training. Whatever the condition of the horse at the time of sale, that condition promises to deteriorate rapidly if it is warehoused for more than several weeks. Any cuts, kicks or minor abrasions from transportation or from other horses, left untreated in filthy conditions can fester and make the horse quite ill. Before it is placed with its new owner, it is cosmetically rehabilitated, though rarely medically treated. It is quite a shock to the new owner to discover the bad shape of their new horse as the seller drives away with their money. While most individual sellers on the Internet and elsewhere are honest people, they are not in the business of buying and selling horses and either over or undervalue their animal. When they sell to a reseller, they lose control over a beloved animal which may be severely abused. Occasionally, they try to unload animals they know to be unsuitable due to a physical or disposition problem. At present, no horse seller East of the Mississippi provides horses, tack, training, boarding, transportation and riding at a single location, although this full package has been extremely successful in Oklahoma.

Targeted Market

Sellers, individuals or horse farms, will accept fair market value for their horse knowing the horse will be placed in exceptionally good care. Buyers will pay a premium for horses that have been certified by a highly reputable firm such as the Sorrel Farms. Although demographics have been run on buyers, it is surprising to learn that buyers are in all age groups, almost all economic groups, both men and women from all parts of the country. Of course, horse riding is more popular in Virginia than Manhattan, but even there horses are popular in parks and recreation areas. What is unique about horse buyers is their diversity. For example, wealthier horse owners tend to either live in cities and board their horses or own acres with riding stables. Less wealthy horse owners own or rent property with just enough land to maintain a horse. Often they live in remote areas where they can access trails in national forests. The target market for Sorrel Farm's Horses'n Tack is the Central Virginia pleasure horse owner and rider whose income is in excess of \$50,000/year, who wishes to purchase a quality animal and outfit it, and themselves, with appropriate tack, clothing and other gear, and who will need training and/or boarding and transportation services, at least temporarily. These individuals are relatively new to the horse market, making their first, second or third horse purchase and are subscribers of two or more horse and rider publications.

Marketing Strategies and Implementation

Sorrel Farm's Horses'n Tack buys quality horses and horse related products, certifies horses as healthy, trains them in specific areas and tests them thoroughly before verifying they are suitable for resale. Horses'n Tack is the only place East of the Mississippi where the horse and rider are matched to each other and to the appropriate tack and attire, where the horse and rider may be trained together, and where the horse may be boarded and/or transported. No other location in the East provides this full range of services.

Horse'n Tack pays fair market value for horses, invests in the horses they purchase, certifies their readiness for resale and then sells them at a premium. Prices range from \$1,000 to \$10,000. Boarding costs \$500, \$700 or \$1,000 a month depending on the amount of exercise and training the owner wishes the animal to receive. Transportation services are \$1/mile per horse with a \$50 minimum. Full Tack packages average \$1,000. Full day training is \$250. Trail Riding is \$25/hour.

Sorrel Farm's Horses'n Tack will only sell on-site. However, negotiations may take place over the telephone and horses offered for sale through the Internet.

Sorrel Farm's Horses'n Tack will promote through the Internet, through a web site, through numerous news articles and press releases, print advertisements in newspapers, magazines and flyers distributed at Sorrel Farm's Horse'n Tack's booth at State and County Fairs.

Sorrel Farms already owns about 10% of the total East Coast horse market. By combining services, opening the welcoming center and bringing the Tack Shop into the horse barns, and expanding the training services currently offered, Horses'n Tack expects to increase market share to 30% within the next two years. Sorrel Farm's Horses'n Tack expects to expand into Pennsylvania and South Carolina and further expand market share to 50% within the next five to seven years.

Competitive Analysis

Competitor #1

Name: Pugh's Animal Links

Address: Rocky Mount, NC

Phone: 555-555-6985

Web Address: 2pu2care

Product(s) or Service(s) and Price(s): Horses: \$250 to \$1,500

Competitor #2

Name: Virginia Horse Hostel

Address: Lexington, VA

Phone: 540-555-8523

Web Address: www.vahorsehost.com

Product(s) or Service(s) and Price(s): Boarding: \$250 basic, no exercise or training

Training: \$250 per day, horse and rider

Competitor #3

Name: Maryland Horse Farmers Cooperative

Address: Soft Crab Shore, MD

Phone: 301-555-7846

Web Address: www.crabshorecoop.org

Product(s) or Service(s) and Price(s): Horses: \$4,000 to \$100,000 and up for Race Horses, Thoroughbreds and some pleasure horses.

Transportation Services: Within Maryland: \$250 Within Mid-Atlantic: \$500 East Coast: \$1,500 Beyond: \$2,500 Per horse, includes vet on board.

Competitor #4

Name: Crawford's Crews

Address: Crews Hollar, West Virginia Phone: 654-870-4356

Web Address: www.crewu.com

Product(s) or Service(s) and Price(s): Work Horses: \$800-\$2,000 Pleasure Horses: \$400-\$12,000 Ponies: \$250-\$1,200

Competitor Location:

There are no competitors located within a 10 mile radius of my business.

The average price charged for a product or service similar to mine is \$ 2,700 per horse, \$1,000 for tack, \$500 for transportation, \$250 for training, \$300 for boarding and \$20/hour for riding.

Start-Up Expenses

Letterhead and Envelopes	\$500
Invoice Statements	\$500
Business Cards	\$250
Computer Paper	\$ 0
Computer Printer Cartridges	\$ 0
Paper clips, staplers, etc.	\$ 0
Other Expenses	\$ 0
Large Equipment	\$ 0
Licenses & Registration Fees	\$5000
Security Deposits	\$ 0
Marketing Expenses	\$500
Initial Inventory	\$ 0
Hiring & Training Expenses	\$ 0
Signage	\$3000
Opening Costs (Promotional)	\$300
Other One Time Fees	\$ 0
Total Start-Up Expenses	\$10,050

Monthly Operating Expenses

Rent/Mortgage	\$5000
Business Phone	\$200
Electricity	\$500
Gas / Oil	\$100
Water	\$100
Payroll	\$41400
Training	\$500
Association Fees	\$500
Travel	\$1000
Vehicle Maintenance	\$150
Parking	\$0
Cell Phone	\$0
Pager	\$0
Office Supplies	\$1000
Copies	\$100
Other Supplies	\$5000
Advertising	\$100
Insurance	\$1200
Bookkeeping	\$200
Legal	\$1000
Taxes	\$7015
Cleaning Fees	\$0
Other	\$15000
<hr/>	
Total Monthly Operating Expenses	\$81265

Break Even Analysis

Projected Average Monthly Sales	\$172979
Less Cost of Goods Sold	\$84698
Total Average Gross Profit	\$88281
Average Gross Profit Margin	51%
Average Monthly Operating Expenses	\$81265
Monthly Sales Required to Break Even*	\$159343

**Payments to Principals not included*

**Rounded to nearest dollar*

**American Horse'n Tack
Balance Sheet 1/1/2005**

Assets

For help, please click here.

Current Assets:

Cash		\$80,000	
Accounts Receivable	\$83,000		
Less: Reserve for Bad Debts	<u>0</u>	83,000	
Merchandise Inventory		310,500	
Prepaid Expenses		0	
Notes Receivable		<u>0</u>	
<i>Total Current Assets</i>			\$473,500

Fixed Assets:

Vehicles	150,000		
Less: Accumulated Depreciation	0	150,000	
Furniture and Fixtures	300,000		
Less: Accumulated Depreciation	0	300,000	
Equipment	150,000		
Less: Accumulated Depreciation	0	150,000	
Buildings	2,000,000		
Less: Accumulated Depreciation	0	2,000,000	
Land		<u>450,000</u>	
<i>Total Fixed Assets</i>			3,050,000

Other Assets:

Goodwill		<u>0</u>	
<i>Total Other Assets</i>			0

<i>Total Assets</i>			\$3,523,500
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Liabilities and Capital

Current Liabilities:

Accounts Payable	\$41,000		
Sales Taxes Payable	15,000		
Payroll Taxes Payable	5,000		
Accrued Wages Payable	40,000		
Unearned Revenues	0		
Short-Term Notes Payable	0		
Short-Term Bank Loan Payable	<u>0</u>		
<i>Total Current Liabilities</i>			\$101,000

**American Horse'n Tack
Balance Sheet 1/1/2005**

Long-Term Liabilities:

Long-Term Notes Payable

0

Mortgage Payable

0

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Total Long-Term Liabilities

Total Liabilities

101,000

Capital:

Owner's Equity

3,422,500

Total Capital

3,422,500

Total Liabilities and Capital

\$3,523,500

Projected Sales

Year 2005

Help

	Qty	Jan	Qty	Feb	Qty	Mar	Qty	Apr	Qty	May	Qty	June	Total
Projected Sales													
Horses	4	20,000	12	60,000	33	165,000	40	200,000	40	200,000	35	175,000	First Half \$820,000
Boarding	35	24,500	35	24,500	35	24,500	35	24,500	35	24,500	35	24,500	\$147,000
Transport	10	2,500	10	2,500	30	6,000	30	6,000	30	6,000	30	6,000	\$29,000
Full Tack	3	3,000	3	3,000	20	20,000	20	20,000	20	20,000	10	10,000	\$76,000
Training	10	2,500	10	2,500	15	3,750	20	5,000	25	6,250	30	7,500	\$27,500
Trail Riding	0	0	0	0	30	750	35	875	40	1,000	40	1,000	\$3,625
Welcome Cnt	5	100	5	100	15	300	25	500	30	750	35	875	\$2,625
Total		\$52,600		\$92,600		\$220,300		\$256,875		\$258,500		\$224,875	\$1,105,750

Projected Sales

	Qty	July	Qty	Aug	Qty	Sept	Qty	Oct	Qty	Nov	Qty	Dec	Total
Projected Sales													
Horses	25	125,000	15	75,000	22	110,000	33	165,000	20	100,000	25	125,000	2nd Half \$700,000
Boarding	35	24,500	35	24,500	35	24,500	35	24,500	35	24,500	35	24,500	\$147,000
Transport	20	4,000	10	2,000	20	4,000	20	4,000	20	4,000	20	4,000	\$22,000
Full Tack	5	5,000	5	5,000	10	10,000	15	15,000	10	10,000	10	10,000	\$55,000
Training	35	8,750	30	7,500	30	7,500	30	7,500	20	5,000	10	2,500	\$38,750
Trail Riding	40	1,000	30	750	35	875	30	750	10	250	0	0	\$3,625
Welcome Cnt	40	1,000	40	1,000	40	1,000	30	750	20	500	15	375	\$4,625
Total		\$169,250		\$115,750		\$157,875		\$217,500		\$144,250		\$166,375	\$971,000
													\$2,076,750

PROJECTED SALES (First Half)

2005

Projected Sales	Qty	Each	Month 1	Qty	Each	Month 2	Qty	Each	Month 3	Qty	Each	Month 4	Qty	Each	Month 5	Qty	Each	Month 6	First Total	Half Total
Horses	4	\$5,000	\$20,000	12	\$5,000	\$60,000	33	\$5,000	\$165,000	40	\$5,000	\$200,000	40	\$5,000	\$200,000	35	\$5,000	\$175,000	164	\$820,000
Boarding	35	\$700	\$24,500	35	\$700	\$24,500	35	\$700	\$24,500	35	\$700	\$24,500	35	\$700	\$24,500	35	\$700	\$24,500	210	\$147,000
Transport	10	\$250	\$2,500	10	\$250	\$2,500	30	\$200	\$6,000	30	\$200	\$6,000	30	\$200	\$6,000	30	\$200	\$6,000	140	\$29,000
Full Tack	3	\$1,000	\$3,000	3	\$1,000	\$3,000	20	\$1,000	\$20,000	20	\$1,000	\$20,000	20	\$1,000	\$20,000	10	\$1,000	\$10,000	76	\$76,000
Training	10	\$250	\$2,500	10	\$250	\$2,500	15	\$250	\$3,750	20	\$250	\$5,000	25	\$250	\$6,250	30	\$250	\$7,500	110	\$27,500
Trail Riding	0	\$0	\$0	0	\$0	\$0	30	\$25	\$750	35	\$25	\$875	40	\$25	\$1,000	40	\$25	\$1,000	145	\$3,625
Welcome Cnt	5	\$20	\$100	5	\$20	\$100	15	\$20	\$300	25	\$20	\$500	30	\$25	\$750	35	\$25	\$875	115	\$2,625
Add Item																				
Total Sales			\$52,600			\$92,600			\$220,300			\$256,875			\$258,500			\$224,875		\$1,105,750
Cumulative			\$52,600			\$145,200			\$365,500			\$622,375			\$880,875			\$1,105,750		\$1,105,750

PROJECTED SALES (Second Half)

Projected Sales	Qty	Each	Month 1	Qty	Each	Month 2	Qty	Each	Month 3	Qty	Each	Month 4	Qty	Each	Month 5	Qty	Each	Month 6	2nd Total	Half Total	Full Total	Year Total
Horses	25	\$5,000	\$125,000	15	\$5,000	\$75,000	22	\$5,000	\$110,000	33	\$5,000	\$165,000	20	\$5,000	\$100,000	25	\$5,000	\$125,000	140	\$700,000	304	\$1,520,000
Boarding	35	\$700	\$24,500	35	\$700	\$24,500	35	\$700	\$24,500	35	\$700	\$24,500	35	\$700	\$24,500	35	\$700	\$24,500	210	\$147,000	420	\$294,000
Transport	20	\$200	\$4,000	10	\$200	\$2,000	20	\$200	\$4,000	20	\$200	\$4,000	20	\$200	\$4,000	20	\$200	\$4,000	110	\$22,000	250	\$51,000
Full Tack	5	\$1,000	\$5,000	5	\$1,000	\$5,000	10	\$1,000	\$10,000	15	\$1,000	\$15,000	10	\$1,000	\$10,000	10	\$1,000	\$10,000	55	\$55,000	131	\$131,000
Training	35	\$250	\$8,750	30	\$250	\$7,500	30	\$250	\$7,500	30	\$250	\$7,500	20	\$250	\$5,000	10	\$250	\$2,500	155	\$38,750	265	\$66,250
Trail Riding	40	\$25	\$1,000	30	\$25	\$750	35	\$25	\$875	30	\$25	\$750	10	\$25	\$250	0	\$25	\$0	145	\$3,625	290	\$7,250
Welcome Cnt	40	\$25	\$1,000	40	\$25	\$1,000	40	\$25	\$1,000	30	\$25	\$750	20	\$25	\$500	15	\$25	\$375	185	\$4,625	300	\$7,250
Add Item																						
Total Sales			\$169,250			\$115,750			\$157,875			\$217,500			\$144,250			\$166,375		\$971,000		\$2,076,750
Cumulative 6 months			\$169,250			\$285,000			\$442,875			\$660,375			\$804,625			\$971,000		\$971,000		\$2,076,750
Full Year			\$1,275,000			\$1,390,750			\$1,548,625			\$1,766,125			\$1,910,375			\$2,076,750		\$2,076,750		\$2,076,750

Projected Cost of Goods Sold Year 2005

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Projected COGS	Qty	Jan	Qty	Feb	Qty	Mar	Qty	Apr	Qty	May	Qty	June	Total
Horses	4	10,800	12	32,400	33	89,100	40	108,000	40	108,000	35	94,500	First Half \$442,800
Boarding	35	7,000	35	7,000	35	7,000	35	7,000	35	7,000	35	7,000	\$42,000
Transport	10	1,000	10	1,000	30	3,000	30	3,000	30	3,000	30	3,000	\$14,000
Tack Full	3	1,800	3	1,800	20	12,000	20	12,000	20	12,000	10	6,000	\$45,600
Training	10	100	10	100	15	150	20	200	25	250	30	300	\$1,100
Trail Riding	0	0	0	0	30	150	35	175	40	200	40	200	\$725
Welcome Cnt	5	60	5	60	15	180	25	300	30	360	35	420	\$1,380
Total		\$20,760		\$42,360		\$111,580		\$130,675		\$130,810		\$111,420	\$547,605

Projected Cost of Goods Sold

Projected COGS	Qty	July	Qty	Aug	Qty	Sept	Qty	Oct	Qty	Nov	Qty	Dec	Total
Horses	25	67,500	15	40,500	22	59,400	33	89,100	20	54,000	25	67,500	2nd Half \$378,000
Boarding	35	7,000	35	7,000	35	7,000	35	7,000	35	7,000	35	7,000	Full Year \$820,800
Transport	20	2,000	10	1,000	20	2,000	20	2,000	20	2,000	20	2,000	\$84,000
Tack Full	5	3,000	5	3,000	10	6,000	15	9,000	10	6,000	10	6,000	\$25,000
Training	35	350	30	300	30	300	30	300	20	200	10	100	\$78,600
Trail Riding	40	200	30	150	35	175	30	150	10	50	0	0	\$2,650
Welcome Cnt	40	480	40	480	40	480	30	360	20	240	15	180	\$1,450
Total		\$80,530		\$52,430		\$75,355		\$107,910		\$69,490		\$82,780	\$1,016,100

Income Projections 2005

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	Jan	Feb	Mar	Apr	May	June	Total
Projected Income							
Sales	\$52,600	\$92,600	\$220,300	\$256,875	\$258,500	\$224,875	First Half \$1,105,750
Other Sources	\$500	\$500	\$500	\$500	\$500	\$500	\$3,000
Total Income	\$53,100	\$93,100	\$220,800	\$257,375	\$259,000	\$225,375	\$1,108,750
Less Cost of Goods Sold	<u>\$20,760</u>	<u>\$42,360</u>	<u>\$111,580</u>	<u>\$130,675</u>	<u>\$130,810</u>	<u>\$111,420</u>	<u>\$547,605</u>
Gross Profit	\$32,340	\$50,740	\$109,220	\$126,700	\$128,190	\$113,955	\$561,145
Less Operating Expenses	\$81,876	\$81,876	\$81,876	\$81,876	\$81,876	\$81,876	\$491,256
Net Profit	<u>-\$49,536</u>	<u>-\$31,136</u>	<u>\$27,344</u>	<u>\$44,824</u>	<u>\$46,314</u>	<u>\$32,079</u>	<u>\$69,889</u>
Running Balance	-49,536	-80,672	-53,328	-8,504	37,810	69,889	

Income Projections 2005

	July	Aug	Sept	Oct	Nov	Dec	Total	Total
Projected Income								
Sales	\$169,250	\$115,750	\$157,875	\$217,500	\$144,250	\$166,375	2nd Half \$971,000	Full Year \$2,076,750
Other Sources	\$500	\$500	\$500	\$500	\$500	\$500	\$3,000	\$6,000
Total Income	\$169,750	\$116,250	\$158,375	\$218,000	\$144,750	\$166,875	\$974,000	\$2,082,750
Less Cost of Goods Sold	<u>\$80,530</u>	<u>\$52,430</u>	<u>\$75,355</u>	<u>\$107,910</u>	<u>\$69,490</u>	<u>\$82,780</u>	<u>\$468,495</u>	<u>\$1,016,100</u>
Gross Profit	\$89,220	\$63,820	\$83,020	\$110,090	\$75,260	\$84,095	\$505,505	\$1,066,650
Less Operating Expenses	\$81,876	\$81,876	\$81,876	\$81,876	\$81,876	\$81,876	\$491,256	\$982,512
Net Profit	<u>\$7,344</u>	<u>-\$18,056</u>	<u>\$1,144</u>	<u>\$28,214</u>	<u>-\$6,616</u>	<u>\$2,219</u>	<u>\$14,249</u>	<u>\$84,138</u>
Running Balance	\$77,233	\$59,177	\$60,321	\$88,535	\$81,919	\$84,138		

Income Projections Year 2005

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Revenue:

Gross Sales	\$2,082,750.00
Less: Sales Returns and Allowances	\$0.00
Net Sales	<u>\$2,082,750.00</u>

Cost of Goods Sold:

Beginning Inventory	\$310,500.00	
Add: Purchases	\$1,016,100.00	
Freight-in	\$0.00	
Direct Labor	\$0.00	
Indirect Expenses	\$0.00	
	<u>\$1,326,600.00</u>	
Less: Ending Inventory	\$275,000.00	
Cost of Goods Sold		<u>\$1,051,600.00</u>

Gross Profit (Loss)	\$1,031,150.00
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Expenses:

Advertising	\$1,200.00	
Amortization	\$5,000.00	
Bad Debts	\$0.00	
Bank Charges	\$0.00	
Charitable Contributions	\$0.00	
Commissions	\$0.00	
Contract Labor	\$0.00	
Credit Card Fees	\$0.00	
Delivery Expenses	\$0.00	
Depreciation	\$0.00	
Dues and Subscriptions	\$6,000.00	
Insurance	\$14,400.00	
Interest	\$0.00	
Maintenance	\$6,000.00	
Miscellaneous	\$0.00	
Office Expenses	\$9,000.00	
Operating Supplies	\$60,000.00	
Payroll Taxes Included below	\$0.00	
Permits and Licenses	\$0.00	
Postage	\$0.00	
Professional Fees	\$14,400.00	
Taxes	\$84,180.00	
Rent	\$60,000.00	
Repairs	\$0.00	
Telephone	\$0.00	
Travel	\$26,400.00	
Utilities	\$10,800.00	
Vehicle Expenses	\$1,800.00	
Wages Including FICA and Benefits	\$508,332.00	
Total Expenses		<u>\$807,512.00</u>

Income Projections Year 2005

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Revenue:

Net Operating Income	\$223,638.00
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Other Income:

Gain (Loss) on Sale of Assets	\$0.00
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Interest Income	<u>\$0.00</u>
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Total Other Income	<u>\$0.00</u>
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Net Income (Loss)

<u><u>\$223,638.00</u></u>

Break Even Analysis (Monthly)

For help, please click here.

Projected Average Monthly Sales	\$173,563
Less Cost of Goods Sold	\$84,675
Total Average Gross Profit	\$88,888

Average Gross Profit Margin: 51 %

Average Monthly Operating Expenses: **\$81,876**

Monthly Sales Required to Break Even:* **\$159,872**

*Payments to Principals not included

Cash Flow Projection Worksheet

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	January	February	March	April	May	June	First Half Total
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Cash Flow Projection Worksheet

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	July	August	September	October	November	December	2nd Half Total	Full Year Total
Beginning Cash Balance	54,914	\$74,626	\$69,270	\$60,814	\$75,956	\$86,755		
Cash Inflows (Income):								
Accts. Rec. Collections	112,688	84,875	58,125	79,188	109,000	72,375	516,251	1,040,939
Loan Proceeds							0	0
Sales & Receipts	84,875	58,125	79,188	109,000	72,375	83,438	487,000	1,041,376
Other:							0	0
Total Cash Inflows	\$197,563	\$143,000	\$137,313	\$188,188	\$181,375	\$155,813	\$1,003,251	\$2,082,315
Available Cash Balance	\$252,477	\$217,626	\$206,583	\$249,002	\$257,331	\$242,568		
Cash Outflows (Expenses):								
Total Monthly Operating Expenses:	81876	81876	81876	81876	81876	81876	491,256	982,512
Accts Payable	55,710	40,265	26,215	37,215	53,955	34,745	248,105	507,197
Up Front Cost of Goods Sold	40,265	26,215	37,678	53,955	34,745	41,390	234,248	508,050
Subtotal	\$177,851	\$148,356	\$145,769	\$173,046	\$170,576	\$158,011	\$973,609	\$1,997,759
Other Cash Out Flows:								
Capital Purchases							0	0
Loan Principal							0	0
Owner's Draw							0	0
Other:							0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$177,851	\$148,356	\$145,769	\$173,046	\$170,576	\$158,011	\$973,609	\$1,997,759
Ending Cash Balance	\$74,626	\$69,270	\$60,814	\$75,956	\$86,755	\$84,557	\$84,557	\$84,557

Cash Flow Projection Worksheet

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	January	February	March	April	May	June	First Half Total
Beginning Cash Balance	0	\$1,294	\$5,958	\$2,062	\$28,147	\$40,717	
Cash Inflows (Income):							
Accts. Rec. Collections	83,000	26,550	46,550	110,400	128,688	129,500	524,688
Loan Proceeds	25,000	45,000					70,000
Sales & Receipts	26,550	46,550	110,400	128,688	129,500	112,688	554,376
Other:							
							0
Total Cash Inflows							0
Available Cash Balance	\$134,550	\$118,100	\$156,950	\$239,088	\$258,188	\$242,188	\$1,149,064
Cash Outflows (Expenses):	\$134,550	\$119,394	\$162,908	\$241,150	\$286,335	\$282,905	
Total Monthly Operating Expenses:							
Accts Payable	81,876	81,876	81,876	81,876	81,876	81,876	491,256
Up Front Cost of Goods Sold	41,000	10,380	21,180	55,790	65,337	65,405	259,092
	10,380	21,180	55,790	65,337	65,405	55,710	273,802
Subtotal	\$133,256	\$113,436	\$158,846	\$203,003	\$212,618	\$202,991	\$1,024,150
Other Cash Out Flows:							
Capital Purchases							0
Loan Principal			2,000	10,000	33,000	25,000	70,000
Owner's Draw							0
Other:							
							0
Subtotal	\$0	\$0	\$2,000	\$10,000	\$33,000	\$25,000	\$70,000
Total Cash Outflows	\$133,256	\$113,436	\$160,846	\$213,003	\$245,618	\$227,991	\$1,094,150
Ending Cash Balance	\$1,294	\$5,958	\$2,062	\$28,147	\$40,717	\$54,914	\$54,914

Cash Flow Projection Worksheet

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Loan Proceeds	25,000	45,000					70,000
Sales & Receipts	26,550	46,550	110,400	128,688	129,500	112,688	554,376
Other:							
							0
							0
Total Cash Inflows	\$134,550	\$118,100	\$156,950	\$239,088	\$258,188	\$242,188	\$1,149,064
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Loan Principal			2,000	10,000	33,000	25,000	70,000
Owner's Draw							0
Other:							
							0
Subtotal	\$0	\$0	\$2,000	\$10,000	\$33,000	\$25,000	\$70,000
Total Cash Outflows	\$133,256	\$113,436	\$160,846	\$213,003	\$245,618	\$227,991	\$1,094,150
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Cash Flow Projection Worksheet

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	January	February	March	April	May	June	First Half Total
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Cash Flow Projection Worksheet

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Other:								
							0	0
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Subtotal	\$177,851	\$148,356	\$145,769	\$173,046	\$170,576	\$158,011	\$973,609	\$1,997,759
Other Cash Out Flows:								
Capital Purchases							0	0
Loan Principal							0	70,000
Owner's Draw							0	0
Other:								
							0	0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$177,851	\$148,356	\$145,769	\$173,046	\$170,576	\$158,011	\$973,609	\$2,067,759
Ending Cash Balance	\$74,626	\$69,270	\$60,814	\$75,956	\$86,755	\$84,557	\$84,557	\$84,557

Conclusion

It will take approximately \$150,000 to start this business.

It will take an average of \$157,000 to run it on a monthly basis.

The money used to start and run this business will come from the following sources: \$250,000 commercial line of credit.

The money will be used primarily for: Start Up expenses, expansion of Tack Shop to space between Horse Barns, Opening of the Welcome Center, Incorporation expenses, Allow the Business Take Advantage of the Seasonal Nature of Horse Sales (Buy in Winter, Sell in Spring and Fall).

The company has the following advantages that will aid in successful marketing and offer an advantage over the competition:

One Stop Shopping where Horse, Rider and Tack are perfectly matched

Guaranteed quality horses

Premium training and boarding